

## **The complaint**

Mr and Mrs C complain about how Saga Services Limited handled their claim on their home emergency policy.

## **What happened**

Mr and Mrs C had a home emergency policy that they bought through Saga. When they initially took it out, it came with an endorsement that provided cover for the repair or replacement of their boiler, without the requirement for the boiler to have completely stopped working.

In 2021 the insurer of the policy stopped offering the endorsement as part of its new policies. However it continued to offer it to existing customers. This was explained to Mr and Mrs C in the documents provided as part of their September 2021 renewal.

In August 2022 Mr and Mrs C had a problem with their boiler and called Saga to arrange a visit. However they were told repeatedly that they were only covered for emergencies and when their heating or hot water wasn't working, so the policy wouldn't respond to issues with the boiler.

Eventually an engineer was sent out, however Mr and Mrs C were unhappy with how the visit went. The engineer was unable to fix the boiler and Mr and Mrs C say he left it in a worse position than it was before the visit. They subsequently got their own engineer out who successfully diagnosed the issue and fixed the boiler.

Following this they made a complaint to both Saga and the insurer of the policy. In the complaint against Saga they said it had given them wrong information on the phone about the cover they had included on the policy. They'd also received renewal papers for the 2022 policy year and this hadn't included the endorsement, even though Saga said it would be included.

Saga responded to the complaint and apologised for the error on the renewal paperwork. It offered £50 compensation for this mistake. However it didn't agree it had provided a poor service on the phone. It said its call handlers had tried to assist Mr C and it was the insurer that had failed to handle his claim correctly.

Unhappy with this, Mr and Mrs C brought their complaint to this service.

Our investigator considered the issues and recommended the complaint be upheld. She thought Saga could have provided a better level of communication when speaking to Mr C about his claim. And thought it should pay an additional £100 compensation to apologise for this.

Saga accepted our investigator's outcome. However Mr and Mrs C didn't. They said it's clear that Saga didn't have the right processes in place to deal with claims under the endorsement on the policy and this made it very difficult for them to claim.

They also said the policy had effectively been mis-sold because the endorsement was a significant part of why they had continued to renew with Saga, but when they came to claim there was no process for the claim to be made under the endorsement. So it may as well not have been included. They asked for their complaint to be reviewed by an ombudsman.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There are two organisations involved in the complaints Mr and Mrs C have made. The insurer of the policy and Saga, who are the policy administrator. I have considered a separate complaint about the actions of the insurer of the policy. This included the handling of the claim, and the actions of the engineer. In this decision I will only consider the actions of Saga in administering the policy and claim.

Mr and Mrs C have said that the key point of their complaint is that Saga didn't have the internal processes set up to enable them to make a claim under the endorsement in the policy. They say that because of this, the policy was effectively mis-sold as having the endorsement added no value, if a claim couldn't be made under it.

In order to say a policy has been mis-sold, I'd need to be persuaded that the business that sold the policy provided unclear or inaccurate information at the point of sale. Here, there is no dispute that the endorsement was included in policy cover. This has been confirmed by both Saga and the underwriter of the policy. Therefore when the cover was sold to Mr and Mrs C including it, this was an accurate reflection of the cover that was being provided. And I haven't found that Saga provided incorrect or unclear information at the point of the sale of the 2021 renewal.

At the 2022 renewal incorrect information about the endorsement was provided. But this was later corrected by Saga and it has offered £50 compensation to apologise for this. And Mr and Mrs C have said they already intended to seek cover elsewhere at this point. So I don't consider that the policy was mis-sold at this renewal either.

Having said that, I agree that when Mr and Mrs C made a claim under the endorsement, Saga should have done more in order to ensure it was dealt with under the policy cover that was in place. I can see from the contact notes provided, as well as from their own account of the matter, that Mr and Mrs C had to make a number of phone calls and were passed between various operators and departments when making the claim. And throughout a lot of this contact they were either passed to the wrong department, or told wrong information – that their policy didn't cover the issue they were raising. This would have been very frustrating for Mr and Mrs C and caused unnecessary distress and inconvenience.

Mr and Mrs C are particularly concerned about the processes Saga has in place for dealing with these types of claims. This service doesn't consider a business' processes or procedures as a whole, or comment on if they are fair. Instead we look at individual complaints, and consider whether the business acted fairly in the particular circumstances that led to the complaint. So I won't comment on Saga's general process.

However in the circumstance of this complaint, I agree it didn't handle the administration of Mr and Mrs C's claim in the way I'd expect. And it should have more clearly communicated the cover they had, so that the insurer could arrange for the claim to be covered. Instead Mr and Mrs C were passed between a number of different operators. And have said they were left feeling as if they were being accused of trying to raise a fraudulent claim. This shouldn't have happened, and if Saga had communicated more clearly with the insurer and Mr and

Mrs C, then this process would have been smoother and Mr and Mrs C's claim raised successfully first time.

Due to this, I agree that more compensation is due in order to apologise for the additional distress and inconvenience Saga caused through its poor communication. I agree with our investigator that an additional £100 is a fair amount in the circumstances and in line with what this service has recommended for similar complaints. I therefore agree that Saga should pay an additional £100 compensation to resolve this complaint.

### **My final decision**

For the reasons I've given, I uphold Mr and Mrs C's complaint and direct Saga Services Limited to pay them an additional £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 30 November 2023.

Sophie Goodyear  
**Ombudsman**